

Civil Service Reform & Collective Bargaining

Systems Migration Feasibility Study

Presentation to the Payroll/Personnel Association

January 28, 2003



The Law: Key Components

Personnel System Reform Act of 2002:

- Collective Bargaining
 - Contracts effective 2005
- Civil Service Reform
 - Effective in 2004 & 2005
- Contracting Out
 - Provisions effective in 2005

Benefits of Reform (1 of 2)

- Modernizes State's human resource practices
 - Allows for creation of personnel system that is fast, fair, flexible, adaptable, and easy to use
 - Creates performance-based human resource practices
- Streamlines classification system
 - Supports performance management
 - Permits effective recruitment, hiring, retention, and termination of employees
 - Reduces the number of job classes

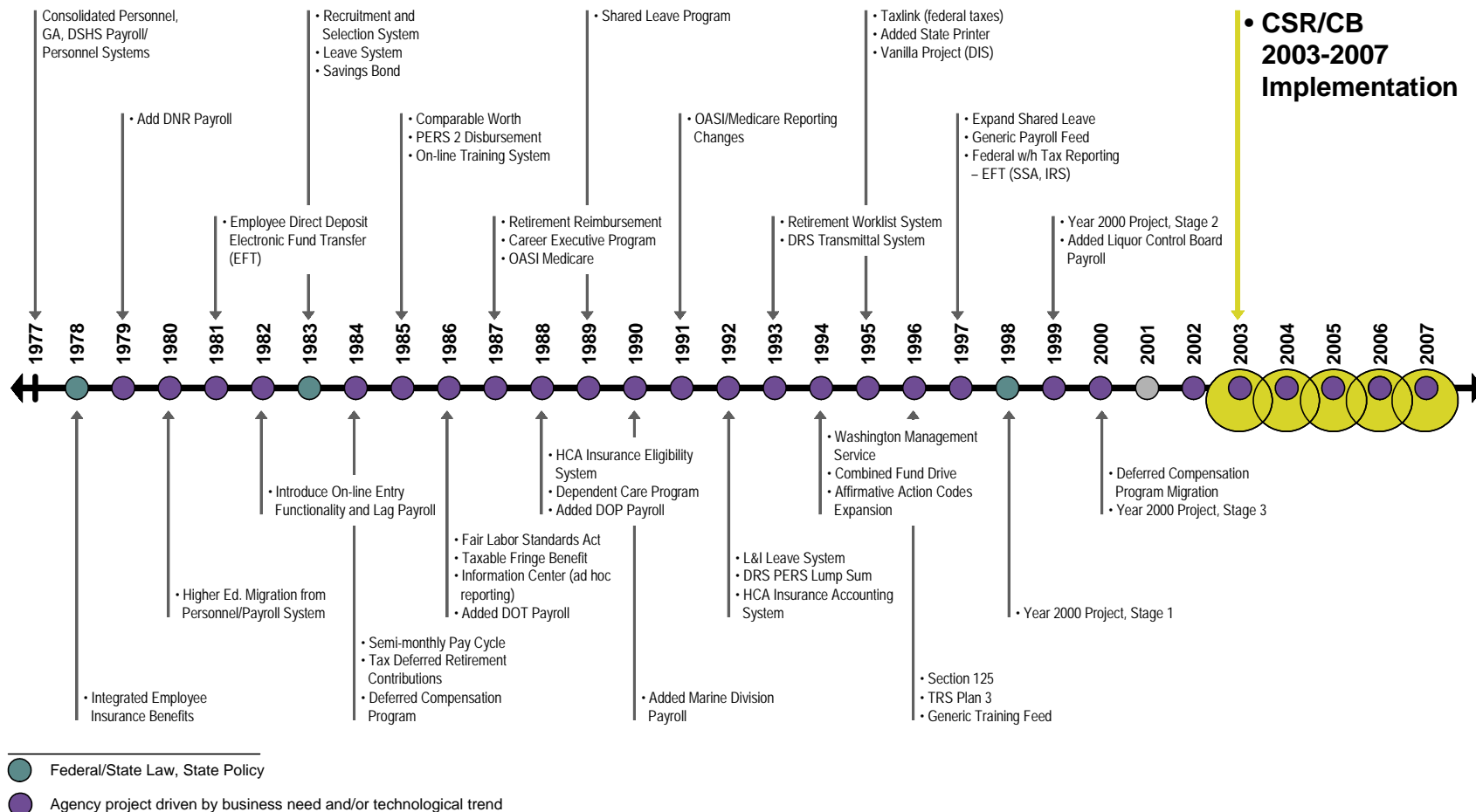
Benefits of Reform (2 of 2)

- Streamlines classification system (cont.)
 - Gives agencies flexibility to develop and deploy staff resources to meet changing business needs
 - Enhances mobility and career advancement opportunities for State employees
- Provides for effective, meaningful collective bargaining
- Allows for cost-effective contracting out

Payroll/Personnel Computing System Issues

- The existing system cannot support Civil Service Reform and Collective Bargaining
- Systems are unable to support modern human resource practices and changing needs of State government
- Personnel/payroll systems are complex, labor intensive for end-users, and at risk
- Complexity, cost, and risk of systems increase with every modification
- There is a fundamental lack of information on the State work force

Significant Payroll/Personnel Systems Modifications



Risks of Doing Nothing

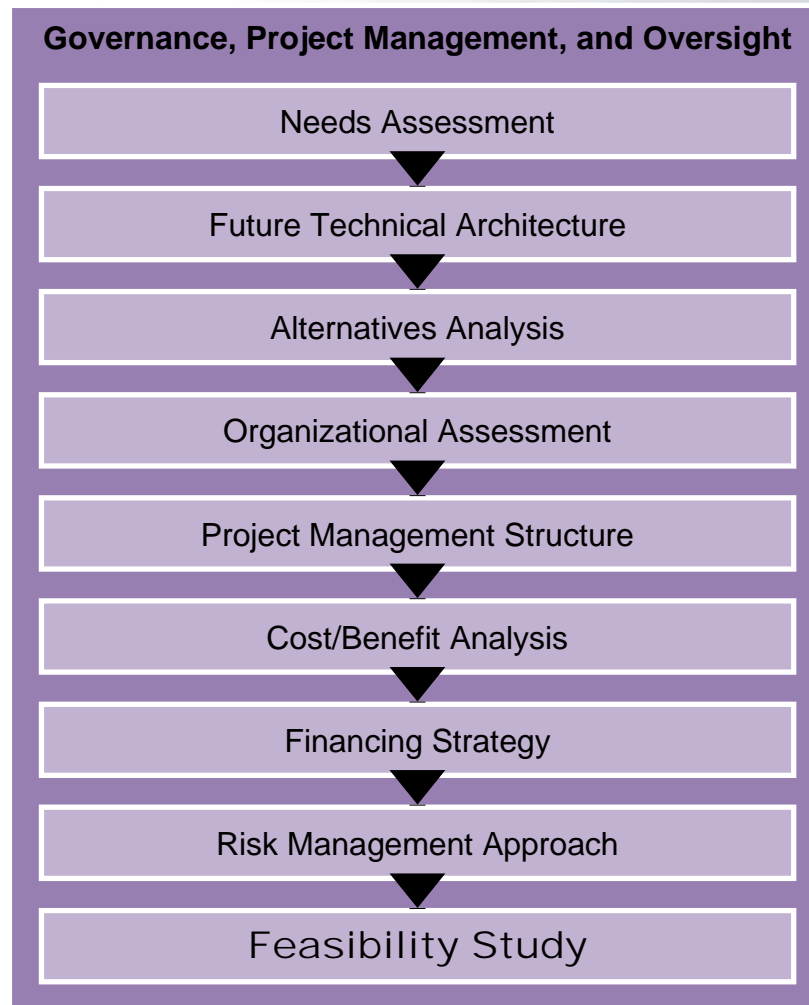
- Cannot implement the law
- Inaccurate paychecks
- Inability to process salary increases, including collectively bargained salary rates/schedules
- Continued labor intensive work arounds for payroll/personnel end-users
- Continued redundant personnel systems
- Lack of fundamental management information on State workforce
- Lack of fundamental legislative information

Feasibility Study

Direction and Approval by the Enterprise Strategies Committee:

- **Marty Brown**, Director, Office of Financial Management – Chair
- **Gene Matt**, Director, Department of Personnel
- **Wolfgang Opitz**, Deputy Director, Office of Financial Management
- **Stuart McKee**, Director, Department of Information Services
- **Gary Moore**, Director of Labor Relations
- **John Charles**, Director, Department of Retirement Systems
- **Martha Choe**, Director, Community Trade and Economic Development
- **Rob Fukai**, Director, Department of General Administration
- **Ida Zodrow**, Administrator, Health Care Authority

Feasibility Study Process



Needs Assessment

Requirements Definition

- Interviews: managers, legislators, and legislative staff
- Focus groups: human resource professionals, including Personnel/Payroll Office Council Members
- Identified 341 requirements for Personnel, Leave, and Payroll systems
- 133 requirements necessary to implement the law in '03-'05 biennium

Alternatives Considered

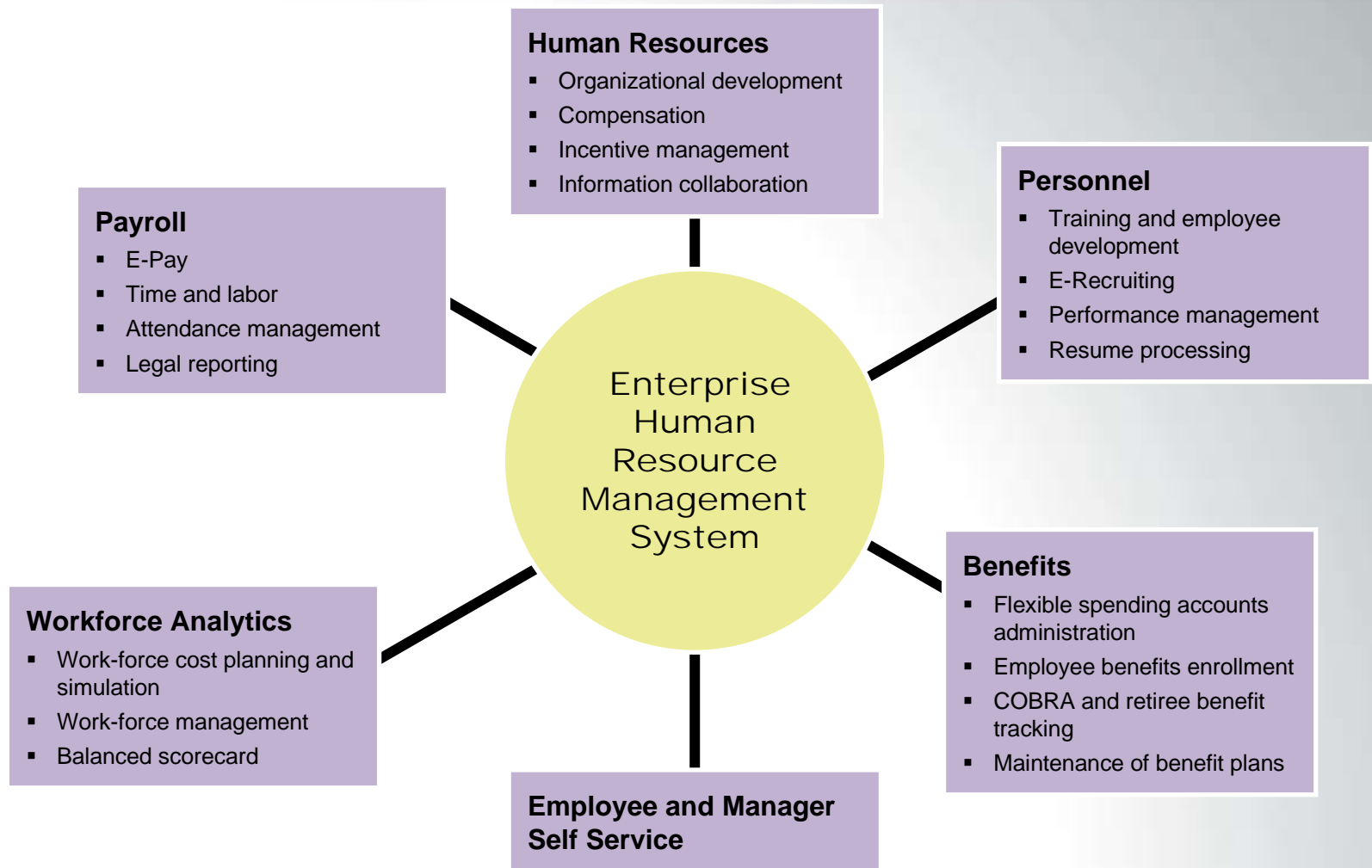
- Modification of existing mainframe systems
- Replacement of existing systems with a Human Resource Management System (HRMS) software package
- Combination of mainframe modification and HRMS Software package replacement

Selected Alternative: Replacement with Software Package

Rationale:

- Meets CSR/CB requirements for 2003-05
- Meets CSR/CB requirements for 2005-07
- Flexibility to meet unidentified requirements
- Supports modern payroll and personnel practices and federal reporting requirements
- Best value (user efficiency; systems maintenance/cost)
- Most manageable risk of the 3 alternatives reviewed
- Is consistent with State's financial systems

HRMS Package – Major Features



Benefits of New HRMS (1 of 2)

Intangible, tangible benefits (benchmarking)

- Timely, accurate paychecks
- Reforming civil service
- Implementing collective bargaining
- Improving information for policy and management decisions
- Reduction in costs for external systems

Benefits of New HRMS (2 of 2)

- Flexibility to implement legal and business requirements
- Streamlining payroll and personnel business processes
- Eliminates redundant data entry of basic employee information
- Centralized, electronic leave system
- Employee and manager self-service for information and transactions
- Improving morale and productivity of human resource professionals

Costs

- Development: \$40.7 million
- Financing
 - Approximately \$10 million through DIS rebate
 - Balance through Certificates of Participation or Bonds

Proposed HRMS Implementation

January 1, 2005 (Phase 1)

- Personnel
- Payroll
- Leave

2005-07 Biennium (Phase 2 and 3)

- Employee and Manager Self-Service
- E-Recruiting
- Training
- Performance Management

Next Steps

- Select quality assurance consultant
- Secure package selection consultant
- Refine business requirements
- Issue Request for Proposal to obtain proposals from system integrators and HRMS vendors
- Select system integrator/HRMS package
- Obtain legislative authorization
- Begin implementation